

The Resource Curse

DOES ENERGY AND MINERAL WEALTH HINDER DEVELOPMENT?

Ever since dozens of countries gained independence after World War II, scholars have been trying to understand why some new countries were able to grow and prosper while others stagnated. One prominent theory, known as the “resource curse” or the “paradox of plenty,” holds that developing nations with valuable oil, gas or mineral reserves are less likely to thrive than their resource-poor neighbors. Proponents say revenues from extractable resources can distort economies, promote corruption and shore up autocratic leaders who waste or steal public money. The resource curse concept is hotly debated, and many analysts see no direct link between mineral wealth and economic growth. But anti-poverty advocates and citizens’ groups widely support it and say extractive industries and governments should disclose the amount of money a government receives for its nation’s natural resources. That’s the best way for citizens to ensure their leaders are sharing the wealth and spending it wisely, they say.



Miners dig for gold near Dunkwa, Ghana, on Feb. 15, 2011. A gold-mining center for more than a century, Ghana succumbed to the “resource curse” by not using enough of its gold revenues to boost development, critics say. Vowing to learn from past mistakes, the government now promises to use income from newly discovered offshore oil fields to spur development.